

## 1997 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE NEVADA ECONOMY

The importance of small business to the state of Nevada is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

**Number of Businesses** - In 1996, Nevada had 37,122 businesses with employees; 96.0 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 49,000 self-employed persons in 1996, for an estimated total of 86,122 businesses.

**Small Business Income** - The income of sole proprietors and partners rose 10.5 percent to \$3.3 billion in 1996, while wage-and-salary income rose 11.8 percent. Total personal income rose 11.6 percent to \$28.6 billion. The state also exported \$691.6 million of goods in 1996.

**Minority Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 47,100 women-owned businesses in Nevada, including part-time firms, employing 130,500 people and generating \$13.4 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 130.0 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 73.3 percent from 1987 to 1992, totaling 1,736 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 120.7 percent during the same time period with 3,900 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,395 in 1987, to 2,769 in 1992, representing a 98.5 percent increase.

**Business Turnover** - The number of new firms increased 12.5 percent, while new business incorporations increased 22.7 percent in 1996. Financial difficulties leading to business bankruptcies increased by 10.0 percent and business failures increased by 4.6 percent during 1996.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Nevada increased from 21 in 1994 to 24 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
SIERRAWEST BK	Reno
SUN ST BK	Las Vegas
PIONEER CITIZENS BK OF NV	Reno
U S BK OF NV	Reno

**Job Growth** - Small businesses created 152,910 of the 319,670 net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) created 63.0 percent of the small business growth with 96,305 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	65,960	30,345	26,487	30,118	166,760	319,670
Manufacturing	1,738	1,534	2,222	(664)	(350)	4,479
Retail Trade	12,222	5,043	3,516	9,267	(1,681)	28,368
Services	33,873	11,563	9,205	7,908	170,203	232,751
Other	18,128	12,206	11,545	13,607	(1,411)	54,073

**Industries** - The composition of small business in Nevada is very diverse. The Special Trade Contractors industry is the largest small business employer in Nevada, followed by Eating & Drinking Places. The fastest growing industry for small business is Nondepository Credit Institutions (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Nevada by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	627,466	100.0	45.4
Hotels, Rooming Houses, Camps, & Other Lodging Places	7000	173,907	27.7	7.6
Health Services	8000	40,127	6.4	47.4
Eating & Drinking Places	5800	40,056	6.4	65.4
Special Trade Contractors	1700	33,911	5.4	92.6
Business Services	7300	30,972	4.9	61.5

Table 2, Top Five Small Business Industries in Nevada by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	284,618	100.0	45.4
Special Trade Contractors	1700	31,400	5.4	92.6
Eating & Drinking Places	5800	26,204	6.4	65.4
Business Services	7300	19,053	4.9	61.5
Health Services	8000	19,029	6.4	47.4
Amusement & Recreation Services	7900	13,886	3.6	60.9

Table 3, Fastest Growing Industries for Small Business in Nevada, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	268,557	284,618	16,061	6.0
Nondepository Credit Institutions	977	1,243	266	27.2
Rubber & Miscellaneous Plastics Products	906	1,130	224	24.7
Special Trade Contractors	26,055	31,400	5,345	20.5
Engineering, Accounting, Research, Management, & Related Services	8,176	9,761	1,585	19.4
Motor Freight Transportation & Warehousing	3,286	3,807	521	15.9

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.